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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 008205

SIPDIS

STATE ALSO FOR A/S WAYNE  
NSC FOR EDSON/KIFAYAT  
TREASURY FOR J. ZARATE, A. DEMOPULOS  
CPA FOR OLIN WETHINGTON, JOHN VARDOMON

E.O. 12958: DECL: 12/15/2008

TAGS: [EFIN](#) [ETTC](#) [PREL](#) [IZ](#) [JO](#)

SUBJECT: JORDAN: TRANSFER OF FROZEN IRAQI ASSETS

REF: A. AMMAN 8162

[1](#)B. SECSTATE 341010

Classified By: Ambassador Edward W. Gnehm. Reasons 1.5 (b) and (d).

[1](#)1. (C) Summary: During multiple conversations on December 15, I obtained renewed assurances from the Prime Minister (and affirmed by the Finance Minister) that no further payments would be made against claims for a finite period of time. The PM also affirmed that all Jordanian claim files would be open to Iraqi representatives to enable them to assist validation of claims. The Finance Minister committed to transferring \$100 m to the DFI at the beginning of January, with an additional amount before the end of the month. He further pledged to expedite the review of claims to permit a full transfer of the balance of frozen Iraqi finds as rapidly as possible. Both the PM and Finance Minister urged USG assistance in getting a designated group of Iraqis to Amman ASAP to launch the claims review. To prepare for such a team, Abu Hammour agreed to begin working immediately with the local branch of Rafidain Bank. End Summary

[1](#)2. (C) On December 15, following up on earlier conversations (ref A) and as instructed in ref B, I spoke with both Finance Minister Abu Hammour and the Prime Minister in an effort to clarify GOJ position on the entire issue of the transfer of frozen Iraqi assets in Jordan. In our first conversation, I told the Finance Minister that Minister of Planning Awadallah in Washington had informed the USG at the White House and at Treasury that the GOJ agreed to the participation of representatives of Iraq in the review process of claims by Jordanians against Iraq. Further, Awadallah had affirmed a GOJ decision to make no further payments to claimants until there was such Iraqi participation. We could not therefore understand his remarks to USG and CPA officials (ref A) that payments had not been stopped.

[1](#)4. (C) Abu Hammour said he was not informed about Awadallah's conversations in Washington; neither Awadallah nor the Prime Minister had discussed those conversations with him. This surprised him since he is the chair of the ministerial committee in charge of the issue and Awadallah is not a member of the committee. He would go back to them immediately. In the meantime, he told me he was ready to transfer \$100 million to the DFI on the first working day of the new year. When I told him this would fall short of the earlier \$150 million commitment, he said he could make a further transfer of \$50 million, or perhaps more, before the end of the month. This would bring the total to at least \$185 million. (Abu Hammour seemed to be doing the sums in his head as we spoke. He said he could not make another transfer before December 31 because he wanted to be able show credit rating agencies a high level of yearend foreign reserves, having spent \$500 million in December to prepay Brady bonds and conclude a \$70 million debt swap with the British.)

[1](#)5. (C) Abu Hammour also repeated his need to protect the \$1.3 billion central bank claim. He understood that this was not linked to the frozen assets and that the United States saw this as an issue for the Iraqis. The Central Bank's auditors could be satisfied by either renewal of the annual trade protocol (which he recognized was unlikely) or a letter from the Iraqis stating that the claim was not a debt but a clearing account and would be settled "later." He still hoped a U.S. mission could come soon to follow-up on this issue.

[1](#)6. (C) He also told me that he had received a letter from the Iraqi Oil Minister regarding its \$100 million joint account with the Jordanian oil refinery that is not included in the \$500 million in frozen accounts subject to claims. The letter (emailed to CPA, NEA and Treasury) identified Iraqis authorized to sign on behalf of the Oil Ministry. As he said he had told CPA advisor Haydar al-Uzri on December 11 (ref A), Abu Hammour said he had no legal choice but to proceed as requested by the Oil Minister. To be absolutely certain that the U.S. is not going to make an issue of this, he would like to hear back from us as soon as possible.

17. (C) Shortly after getting off the phone with Abu Hammour, I took a call from the Prime Minister, who had just spoken to Abu Hammour. The PM told me he had reluctantly agreed not to pay any more claimants out of the frozen assets until an Iraqi team came to Amman to review the records. He said this was not an indefinite pledge -- a team needed to get started "within a week." He was ready to give the Iraqis full access to all Jordanian files and records on the claims, but the process had to be expedited, which would also speed up transfers to the DFI.

18. (C) Abu Hammour called back to tell me that he had convinced the PM to involve the Iraqis in assessing the claims, starting with working with the Rafidain branch. But, he said he was under constant, intense pressure from claimants. Therefore, he said he needed an Iraqi team to come to Amman ASAP to look at the records. Referring to the ref A conversation with al-Uzri, he said he couldn't wait more than two to three weeks for this to happen (a slightly longer timeframe than the PM's). He said he had talked to Awadallah on the issue of not paying out more claims and that Awadallah confirmed my description of the Washington conversations. Repeating what the Prime Minister had just told me, he said no more claims would be paid without Iraqi participation in the process, provided an Iraqi team could arrive soon. In any case, he thought the amount of claims remaining would prove relatively small.

19. (C) Comment. Jordanian decision-makers are gaining a clearer picture of U.S. requirements, now that all the key Jordanian players are in the same city and are hearing directly from me our understandings, juxtaposed against Awadallah's accounts of Washington conversations. All the key players now agree to work fully with the Iraqis and not pay out any more funds without their involvement for a finite period of time, as well as with relatively large transfers to the DFI (within the four month timeframe they have been using).

110. (C) Involving the local Rafidain branch should jump-start the claims review. The branch says it has key documents that will dispose of some claims quickly. They should also be able to work with Baghdad to identify the right composition of an Iraqi team. It is in our interest, as well as that of the Jordanians and Iraqis, to seize this moment and move forward quickly. In particular, we need to work with CPA and the Iraqis to get a team here ASAP, using military air transport if necessary and understanding that more than one visit might be required.

111. (C) Without delay, Rafidain should instruct its Amman branch to contact Abu Hammour immediately to begin working with his staff in cataloguing, categorizing, and disposing of claims as possible, preliminary to the arrival of a team from Baghdad before the end of the month at the latest. We should also get back to Abu Hammour quickly about the \$100 million joint oil account. Finally, in order to deal with the \$1.3 billion issue, we need to encourage a separate Iraqi team to come to Amman, as we indicated to the Jordanians in Washington that we would do. This remains their biggest economic and political interest in all of this.  
GNEHM